

West Loch Fairways

November 2013

Dear West Loch Fairways Homeowners,

The Board of Directors of West Loch Fairways Homeowners Association has approved the 2014 budget with the Association dues to remain the same at \$62.

The budget includes expenses for day-to-day operations, as well as transfer to reserves or funds that the Association uses for major expenses. A copy of the 2014 operating budget is enclosed for your reference as well as an updated reserve study prepared by Hawaii First Inc., our Managing Agent. Effective **January 1, 2014**, the Association dues will be as follows:

<u>Type of Unit</u>	<u>2013 Association Dues</u>	<u>2014 Association Dues</u>
All	\$62.00	\$62.00

As a reminder, payments are due on the first of each month. A late fee of \$20.00 will be assessed to a delinquent account after the grace period.

The Board has adopted the following priority of payment application for the Association: (1) Legal Fees (2) Late Fees (3) Fines (4) Association dues.

If you prefer to change your method to the Surepay Electronic Bill Payment plan, please complete the enclosed form and return it to Hawaii First Inc., Attention: Accounting Department. You need to complete this form if you are a first time subscriber through Hawaii First Inc. Requests received by the 25th of each month will begin payments the following month. Please allow 10 days for processing.

Should you have any questions, please contact our Community Association Manager at Hawaii First Inc., Lynn Uyenco, (808) 531-5566 ext 3006.

Sincerely yours,

The Board of Directors
West Loch Fairways Homeowners Association

**WEST LOCH FAIRWAYS HOMEOWNERS ASSOCIATION
2014 BUDGET**

Operation	2013	2014
Income	APPROVED	APPROVED
	BUDGET	BUDGET
01 Operating Revenues		
40110 Community Association Dues	40,983	40,650
40112 Reserve Contribution	3,660	3,990
Total 01 Operating Revenues	44,643	44,640
Total Income	44,643	44,640
Expense		
01 - Payroll & Benefits		
70010 Wages-Manager	4,325	4,325
70060 Payroll Tax FICA	486	360
70070 Payroll Tax FUTA	15	15
70080 Payroll Tax SUTA	65	90
70090 Workers' Comp Insurance	40	45
70100 TDI Insurance	35	35
70120 Mileage Reibursement	135	135
Total 01 - Payroll & Benefits	5,101	5,005
02 - Administrative		
70300 Admin-General Expenses &	560	560
70310 Admin-Annual Meeting	45	47
70342 Admin-Newsletter	400	300
70800 Property Mgmt-Contract	3,045	3,099
70810 Property Mgmt-Admin Svcs	2,400	2,800
70830 Property Mgmt-Payroll	152	152
70900 Legal Fees-General	800	800
71150 Accounting Fees-Audit/Tax	112	112
Total 02 - Administrative	7,514	7,870
03 - Utilities		
71200 Electricity-Common Areas	2,700	2,835
71500 Telephone, General	150	198
Total 03 - Utilities	2,850	3,033
04 - Contract Services		
71810 Landscape Maintenance Contract	20,335	19,632
71820 Security Alarm/Camera Maint Contract	265	265
71860 Tree Trimming	-	-
Total 04 - Contract Services	20,600	19,897
05 - Repairs and Maintenance		
72125 Reprs/Maint/Water Feature	400	400
72175 Reprs/Maint/Supl-Electrical	500	660
72190 Reprs/Maint/Supl-Irrigation	1,250	455
72220 Reprs/Maint/Grounds	200	500
Total 05 - Repairs and Maintenance	2,350	2,015
06 - Insurance, Taxes & Misc.		
72300 Real Property Tax	1,300	1,300
72500 Taxes-General Excise	65	210
72730 Insurance-General Liability	203	190
72740 Insurance-Umbrella	310	310

72720	Insurance-Directors & Officers	690	820
Total 06 - Insurance, Taxes & Misc.		2,568	2,830
07 - Non-Operating Expenses			
76080	Allowance-Future Capital	3,660	3,990
Total 07 - Non-Operating Expenses		3,660	3,990
Total Expense		44,643	44,640
Net Income		0	0

2014 TOTAL FEES

Total #of Units	Community Association Dues	Reserve Contribution	Total Fees per Owner 2014	Prior Year Total Fees 2013	Amount of Increase
720	\$56.46	\$5.54	\$62.00	\$62.00	0.00



**West Loch Fairways
2014 Reserve Study**

**Hawaii First Inc.
800 Bethel Street #501
Honolulu, Hawaii 96813**

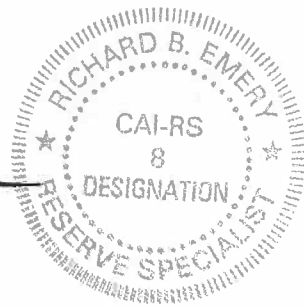
Prepared by:

Lynn Uyenco
Lynn Uyenco

Reviewed and Approved by:

Richard Emery

Richard Emery, RS-8, PRA
Reserve Specialist
Professional Reserve Analyst



West Loch Fairways 2014 Analysis Report

A Reserve Study was prepared using the cash flow method of analysis for West Loch Fairways. This Reserve Study has been prepared for the fiscal year ending December 31, 2014. It is estimated that the reserve fund for the 2013 year-end at approximately \$435,000. The association will collect \$47,880 in contributions to the reserve fund in 2014. Interest earned on reserve contributions must remain in the reserve accounts to meet future funding requirements. This funding plan provides for fully funded reserve fund balances and complies with HRS 514B-148. The Reserve Study was approved by the association's Board of Directors as part of the 2014 budget.

It is important to recognize that a reserve study is a financial forecast of future funds required to maintain the capital components of the project. Hawaii law requires directors of the association to use reasonable efforts to project inflation, interest income, component inventory, component life & remaining life, and replacement costs of the project's components for a 20-year period. From this information, reserve contributions are calculated to fund the statutory replacement reserves. By its nature, a Reserve Study is an estimate to be used for annual budgeting purposes. The Reserve Study is a requirement of HRS 514A-83.6 and HRS 514B-148. The reserve study is not an audit or quality inspection of the project.

Based on this Reserve Study, West Loch Fairways has adopted a funding plan based on the cash flow method that provides full funding. The Reserve Study reflects that the Association is fully funded and has complied with the reserve requirements of HRS 514B-148; provided however, the association implements the funding plan and the criteria used reflects the project's actual operating experience during the life of the funding plan. The Reserve Study Specialist has no conflict of interest with the association, its Directors, its employee, and has prepared this report as an independent Reserve Study Professional.

Richard Emery, RS, PRA
Reserve Specialist
Professional Reserve Analyst

West Loch Fairways 2014
 Ewa Beach, HI
RA Current Assessment Funding Model Summary

Report Date	January 01, 2014
Budget Year Beginning	January 01, 2014
Budget Year Ending	December 31, 2014
Total Units	720

<i>Report Parameters</i>	
Inflation	2.50%
Annual Assessment Increase	0.00%
Interest Rate on Reserve Deposit	3.00%
2014 Beginning Balance	\$435,000.00

<i>Current Assessment Funding Model Summary of Calculations</i>	
Required Annually Contribution	\$47,880.00
<i>\$66.50 per unit annually</i>	
Average Net Annually Interest Earned	<u>\$11,936.40</u>
Total Annually Allocation to Reserves	\$59,816.40
<i>\$83.08 per unit annually</i>	

West Loch Fairways 2014
RA Math View - Current Assessment Funding Model - Projection

Beginning Balance: \$435,000

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves
2014	492,100	47,880	11,936	85,000	409,816
2015	504,402	47,880	11,886	61,500	408,082
2016	517,013	47,880	12,985	23,114	445,834
2017	529,938	47,880	13,358	48,460	458,612
2018	543,186	47,880	14,698	16,557	504,632
2019	556,766	47,880	13,622	98,433	467,702
2020	570,685	47,880	14,598	28,992	501,188
2021	584,952	47,880	14,154	77,265	485,957
2022	599,576	47,880	11,921	136,461	409,297
2023	614,565	47,880	9,407	143,619	322,965
2024	629,930	47,880	9,781	44,803	335,823
2025	645,678	47,880	9,071	81,349	311,424
2026	661,820	47,880	8,964	60,520	307,748
2027	678,365	47,880	8,804	62,171	302,261
2028	695,324	47,880	7,664	94,669	263,136
2029	712,708	47,880	6,941	79,656	238,300
2030	730,525	47,880	7,472	37,113	256,539
2031	748,788	47,880	8,357	25,868	286,908
2032	767,508	47,880	5,365	155,966	184,187
2033	786,696	47,880	4,804	71,939	164,932

West Loch Fairways 2014
RA Math View - Current Assessment Funding Model - Expenditure

Description	Expenditures
Replacement Year 2014	
Irrigation Major Repairs	15,000
Sidewalk Repairs	20,000
Water Feature - Major Repairs	50,000
Total for 2014	\$85,000
Replacement Year 2015	
Irrigation Major Repairs	15,375
Visitor Parking - Seal	10,250
Security Cameras	35,875
Total for 2015	\$61,500
Replacement Year 2016	
Irrigation Major Repairs	15,759
Office Equipment	2,101
Guard Shack Roof	5,253
Total for 2016	\$23,114
Replacement Year 2017	
Irrigation Major Repairs	16,153
Irrigation Controller Boxes	32,307
Total for 2017	\$48,460
Replacement Year 2018	
Irrigation Major Repairs	16,557
Total for 2018	\$16,557
Replacement Year 2019	
Irrigation Major Repairs	16,971
Office Equipment	2,263
Sidewalk Repairs	22,628
Water Feature - Mechanical Pumps	33,942
Walls - Moss Rock	22,628
Total for 2019	\$98,433
Replacement Year 2020	
Irrigation Major Repairs	17,395
Visitor Parking - Seal	11,597
Total for 2020	\$28,992

West Loch Fairways 2014
RA Math View - Current Assessment Funding Model - Expenditure

Description	Expenditures
Replacement Year 2021	
Irrigation Major Repairs	17,830
Water Feature - Major Repairs	59,434
Total for 2021	\$77,265
Replacement Year 2022	
Irrigation Major Repairs	18,276
Office Equipment	2,437
Water Feature - Lighting	6,092
Light Standards - Replacement Phase 1	109,656
Total for 2022	\$136,461
Replacement Year 2023	
Irrigation Major Repairs	18,733
Light Standards - Replacement Phase 2	124,886
Total for 2023	\$143,619
Replacement Year 2024	
Irrigation Major Repairs	19,201
Sidewalk Repairs	25,602
Total for 2024	\$44,803
Replacement Year 2025	
Irrigation Major Repairs	19,681
Office Equipment	2,624
Visitor Parking - Seal	13,121
Security Cameras	45,923
Total for 2025	\$81,349
Replacement Year 2026	
Irrigation Major Repairs	20,173
Water Feature - Mechanical Pumps	40,347
Total for 2026	\$60,520
Replacement Year 2027	
Irrigation Major Repairs	20,678
Electrical Boxes	41,493
Total for 2027	\$62,171
Replacement Year 2028	
Irrigation Major Repairs	21,195

West Loch Fairways 2014
RA Math View - Current Assessment Funding Model - Expenditure

Description	Expenditures
<i>Replacement Year 2028 continued...</i>	
Office Equipment	2,826
Water Feature - Major Repairs	70,649
Total for 2028	<u>\$94,669</u>
Replacement Year 2029	
Irrigation Major Repairs	21,724
Sidewalk Repairs	28,966
Walls - Moss Rock	28,966
Total for 2029	<u>\$79,656</u>
Replacement Year 2030	
Irrigation Major Repairs	22,268
Visitor Parking - Seal	14,845
Total for 2030	<u>\$37,113</u>
Replacement Year 2031	
Irrigation Major Repairs	22,824
Office Equipment	3,043
Total for 2031	<u>\$25,868</u>
Replacement Year 2032	
Irrigation Major Repairs	23,395
Water Feature - Lighting	7,798
Irrigation Controller Boxes	46,790
Visitor Parking - Overlay	77,983
Total for 2032	<u>\$155,966</u>
Replacement Year 2033	
Irrigation Major Repairs	23,980
Water Feature - Mechanical Pumps	47,960
Total for 2033	<u>\$71,939</u>